Boost to cash flow situation of CPSUs due to one time deal of SEBs

5197. SHRI ABANI ROY: Will the Minister of POWER be pleased to state:

(a) whether the attention of the Government has been drawn to the Press news-item captioned "One time deal on State Electricity Boards dues spur CPSUs cash flow" as reported in the Statesman dated 22nd April, 2002;

(b) if so, whether one time settlement of State Electricity Boards outstanding is expected to boost the cash flow situation of CPSUs;

(c) if so, the facts thereof;

(d) whether his Ministry have also decided to waive-off major recommendations of Ahluwalia Committee to expedite the process of Securitisation process; and

(e) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA): (a) Yes, Sir.

(b) and (c) For the States participating in the one time settlement scheme, 60% of interest/surcharge on delayed payments as on, 30.09.2001 due, from the SEBs to the CPSUs covered under the scheme would be waived-off. The balance interest/surcharge and the entire principal would be converted into tax-free bonds carrying an interest rate of 8.5% per annum. In addition, if the SEBs do no default on current dues and adhere to the performance milestone CPSUs shall pay them, during the first year commencing from 01.10.2001, biannual cash incentives equal to 3 per cent of the value of bond in the first year, 2.5% in the second year and 2% in the third an fourth year. In addition, if SEBs open and maintain Letters of Credit till the end of December, 2002, CPSUs shall pay them a one-time incentive equal to 2% of the value of bonds. While the incentives may result in some cash outflow from the CPSUs the scheme has been designed to ensure that there is no default in current dues. In cases where default, exceed 90 days from the date of billing, the Ministry of Finance shall recover these dues through

adjustment against releases due to them from the Centre. This is expected to have a positive impact on the cash flows of the CPSUs.

(d) and (e) The first report of the Ahluwalia Committee was submitted in May, 2001. The Report was considered in July, 2001 by the High Level Empowered Group consisting of Deputy Chairman, Planning Commission, Finance Minister, Minister of Power and Chief Ministers of some States. The Empowered Group accepted the recomendations of the Ahluwalia Committee with the following modifications:—

I. Waiver of surcharge/interest and delayed payments to be increased from 50% to 60%.

II. The incentives for a four year period @ 4% of face value of bonds for achievement of performance milestones by SEBs shall b increased to 6% in the first year and 5% in the second year.

These were accepted by the Government.

Subsequently the Government has made a modification in the cut-off date for issue of tax-free bonds in lieu of the outstanding dues from 28.02.2001 (recommended by the Ahluwalia Committee) to 30.09.2001.

Power reforms by States

†5198. SHRIMATI SAVITA SHARDA:
SHRI, P.K. MAHESHWARI:

Will the Minister of POWER be pleased to state:

(a) the States which have so far implemented the directions issued by the Central Government for reforms in power sector along with the States which have not done so far;

(b) the steps being taken by Government to implement power reforms; and

†Original notice of the question was received in Hindi.